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ABSTRACT

Data collected by the March Current Population Survey were used to identify which groups of year-round, full-time civilian workers aged 16 and older were most likely to be at the top and bottom of the earnings ladder. Women, young workers, less-educated individuals, and Hispanics were most likely to earn less than $13,091 (1992 constant dollars), whereas men, college degree holders, and whites were most likely to earn at least $52,364. Although more females than males have low earnings, the likelihood of having low earnings has risen faster among men than women. Consequently, the percentage point gap between males' and females' respective earning rates closed from 13 points in 1979 to 9 points in 1992. The number of low-paid workers between the ages of 18 and 24 increased 19 percentage points between 1979 and 1992. Thirty-one percent of men without a high school diploma were low earners as opposed to only 5% of those with a bachelor's degree. Thirty-five percent of men and 10% of women with at least a bachelor's degree were high earners. White women enjoyed the biggest income gains between 1979 and 1992. (MN)

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Statistical Brief

The Earnings Ladder

Who's at the Bottom? Who's at the Top?

The economic well-being of most Americans depends on their own earnings or on the earnings of other family members. If their earnings are low enough, a family or unrelated individual may face poverty. Even if their income remains above the poverty level, relatively low wages may make it difficult to pay for basic services, like housing, child care, education, and medical care.

There are potential social effects too. Low wages, for example, make it less affordable for young adults to marry, have children, and establish an independent household.

The mere prospect of low earnings may encourage adults to stay out of the labor force altogether.

So who's likeliest to be at the bottom of this earnings ladder? That's one question this Brief tries to answer. Using data collected by the March Current Population Survey, it shows which groups of *year-round, full-time civilian workers aged 16 and over* were most likely to have "low" annual earnings — that is, earnings for the year below the poverty level for a four-person family with two children. (Earnings is defined as the pre-tax sum of money wages and salary plus any net income from self-employment.)

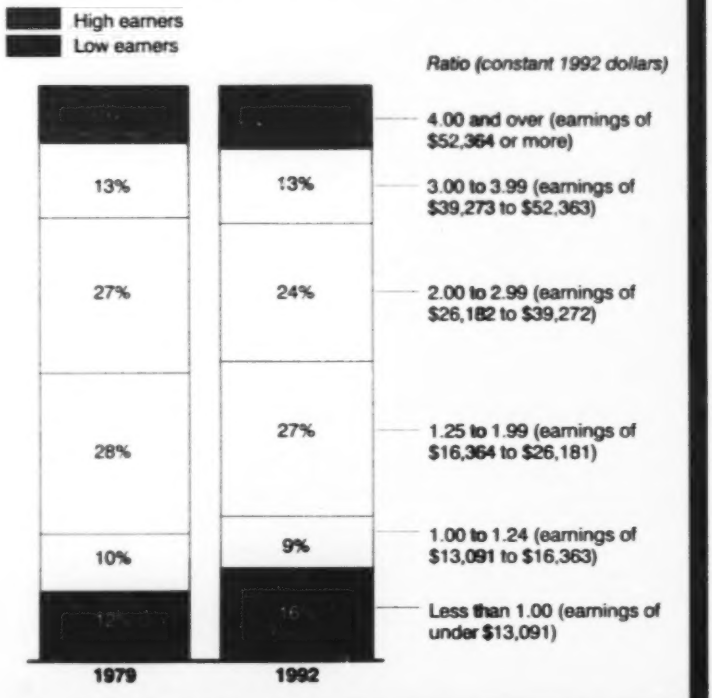
The data described in this Brief were developed by John McNeil of the Census Bureau as an update and extension of his report, *Workers With Low Earnings: 1964 to 1990*, Series P-60, No. 178. That report showed the percent of year-round, full-time workers with low earnings for selected years and found that the rate had risen between 1979 and 1990 after declining sharply between 1964 and 1969 and showing an additional but smaller decline between 1969 and 1979.

Also examined in this Brief is who's most apt to be at the top of the ladder — a "high" earner. These are workers with earnings at least four times the low earnings threshold.

Data for 1992 are compared to figures for earlier years — usually 1979. This Brief uses the CPI-U-X1 price index to adjust the low

Where Did You Stand?

Percent distribution of year-round, full-time civilian workers aged 16 and over, by ratio of earnings to low earnings threshold: 1979 and 1992



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earnings thresholds for price changes over time. This results in a 1992 low earnings threshold that is somewhat lower than the official poverty threshold ($14,228 for a four-person family with two children).

Whose earnings are low?

Workers who earned less than $13,091 (1992 constant dollars) were considered low earners. In 1992, 16 percent of all year-round, full-time workers had low earnings, up from 12 percent in 1979 (see graph at top right). As the table at the bottom right shows, some groups are likelier than others to have low earnings. These groups include:

- *Women.* Proportionately more female than male year-round, full-time workers have low earnings. But the likelihood of having low earnings has risen faster among men than women. As a result, the percentage point gap between their respective rates closed from 13 points in 1979 to 9 points in 1992.

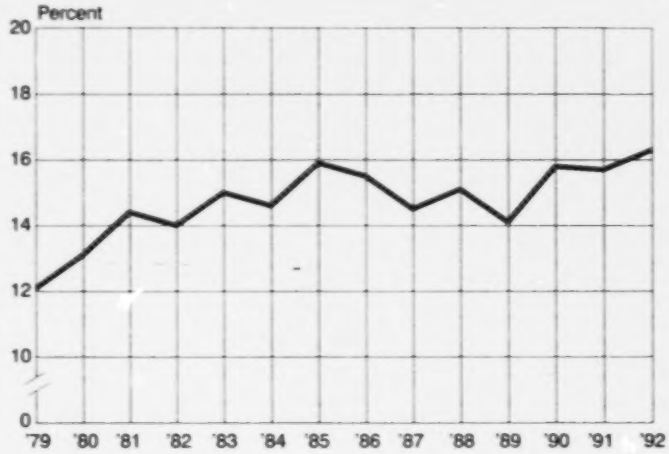
- *The Young.* Young workers are far more prone to low earnings than older workers are. And to top that off, they have also seen their low earnings rate rise at a much faster pace. About 4 in 10 year-round, full-time workers aged 18 to 24 had low earnings in 1992, up 19 percentage points since 1979. Workers aged 25 to 34 had the next biggest increase, 7 percentage points, to 16 percent in 1992. Older workers had smaller increases.

- *The Less-Educated.* With less education comes a higher chance of being a low earner. For instance, among men, the percentage of year-round, full-time workers in 1992 with low earnings was 31 percent for those without a high school diploma, just 5 percent among those with a bachelor's degree.

Those with lower levels of education also posted the largest

Compared to 1979, Proportionally More Workers Have Low Earnings

Percent of year-round, full-time civilian workers aged 16 and over with low earnings: 1979 to 1992



The Low Earners

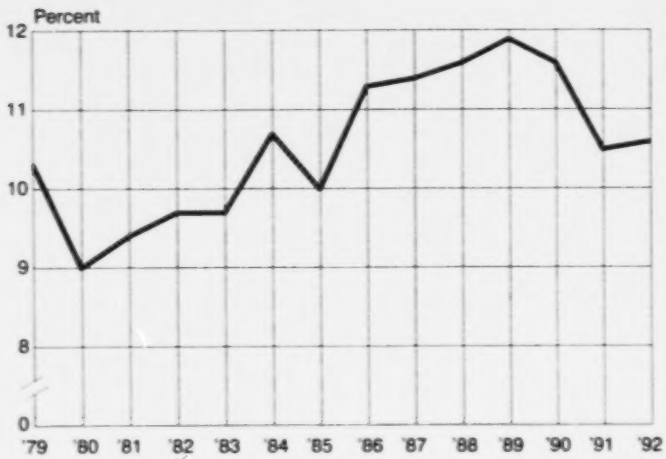
Percent of year-round, full-time civilian workers aged 16 and over with low earnings, by demographic group: 1992 and 1979

	1992	1979	1979-1992 percentage point change
Sex			
Men	12.4%	7.7%	+4.7
Women	21.8%	20.4%	+1.4
Age			
18-24	41.9%	22.9%	+19.0
25-34	15.7%	8.8%	+6.9
35-54	12.3%	9.9%	+2.4
55-64	16.1%	12.0%	+4.1
Educational Attainment by Sex			
No high school diploma			
Men	30.9%	15.3%	+15.6
Women	53.1%	40.1%	+13.0
High school diploma, no college			
Men	14.7%	7.8%	+6.9
Women	28.5%	21.1%	+7.4
Some college, no bachelor's degree			
Men	10.0%	5.5%	+4.5
Women	18.6%	15.4%	+3.2
Bachelor's degree or higher			
Men	5.0%	3.1%	+1.9
Women	6.9%	7.2%	-0.3
Race and Hispanic Origin by Sex			
White			
Men	11.6%	7.2%	+4.4
Women	21.1%	19.8%	+1.3
Black			
Men	19.4%	14.0%	+5.4
Women	26.9%	24.3%	+2.6
Hispanic origin			
Men	26.4%	13.4%	+13.0
Women	36.6%	32.3%	+4.3

Note: Persons of Hispanic origin may be of any race.

Percent With High Earnings Has Fluctuated

Percent of year-round, full-time civilian workers aged 16 and over with high earnings: 1979 to 1992



The High Earners

Percent of year-round, full-time civilian workers aged 16 and over with high earnings, by demographic group: 1992 and 1979

	1992	1979	1979-1992 percentage point change
Sex			
Men	15.5%	15.0%	+0.5
Women	3.7%	1.3%	+2.4
Educational Attainment by Sex			
No high school diploma			
Men	2.7%	4.7%	-2.0
Women	0.4%	0.3%	+0.1
High school diploma, no college			
Men	5.7%	8.9%	-3.2
Women	1.1%	0.5%	+0.6
Some college, no bachelor's degree			
Men	11.2%	14.0%	-2.8
Women	1.8%	1.4%	+0.4
Bachelor's degree or higher			
Men	35.2%	34.4%	+0.8
Women	10.3%	4.2%	+6.1
Race and Hispanic Origin by Sex			
White			
Men	16.4%	15.9%	+0.5
Women	3.8%	1.3%	+2.5
Black			
Men	5.1%	4.2%	+0.9
Women	1.6%	0.5%	+1.1
Hispanic origin			
Men	5.3%	5.2%	+0.1
Women	1.8%	1.0%	+0.8

Note: Persons of Hispanic origin may be of any race.

1979-to-1992 percentage point increases. The percentage of year-round, full-time male workers without a high school diploma who had low earnings rose 16 percentage points; for women, the comparable increase was 13 points. Among those with a college degree, in contrast, the rate for men rose just 2 points and the rate for women was unchanged.

• *Hispanics.* Hispanic workers had the highest chance in 1992 of having low earnings. Among males, those of Hispanic origin had the largest increase from 1979 to 1992 in the likelihood of having low earnings.

Whose earnings are high?

Workers who earned $52,364 or more (1992 constant dollars) were considered high earners. In 1992, 11 percent of year-round, full-time workers were high earners, statistically unchanged from 1979. (Though, as the graph at the top left shows, there was some fluctuation over the period). Three groups stand out as having a much better than average chance of being high earners:

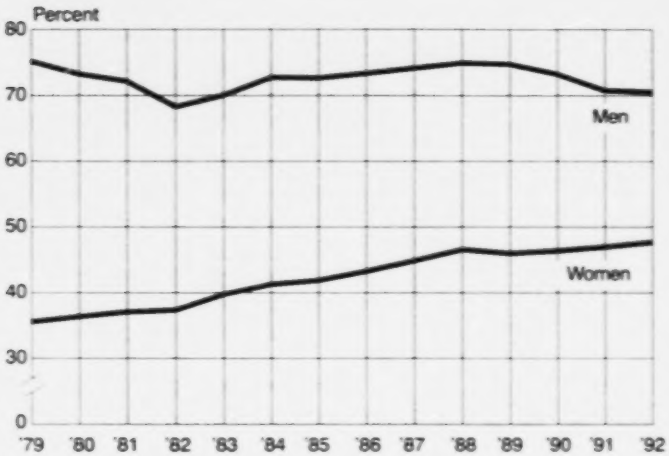
• *Men.* Men were much more likely than women in 1992 to be high earners (16 percent compared with 4 percent). However, the percentage point gap between men and women narrowed from 14 points in 1979 to 12 points in 1992.

• *College Degree Holders.* Education does indeed pay off. The likelihood of being a high earner improves dramatically with education — 35 percent of men and 10 percent of women who held at least a bachelor's had high earnings in 1992. As the table shows, the comparable percentages among men and women who finished high school were 6 percent and 1 percent, respectively.

Men in educational groups below college graduates suffered a drop in their percentage between 1979 and 1992. Among women, high

Relatively More Women, Fewer Men, Work Year-Round, Full-Time

Percent of persons 25 to 54 years old who worked year-round, full-time, by sex: 1979 to 1992



The Year-Round, Full-Time Workers

Proportion of adults aged 25 to 54 years who worked year-round, full-time: 1992 and 1979

	1992	1979	1979-1992 percentage point change
Sex			
Men	70.4%	75.0%	-4.6
Women	47.5%	35.4%	+12.1
Educational Attainment by Sex			
No high school diploma			
Men	48.5%	61.6%	-13.1
Women	25.4%	23.1%	+2.3
High school diploma, no college			
Men	68.3%	76.2%	-7.9
Women	46.2%	36.3%	+9.9
Some college, no bachelor's degree			
Men	72.3%	76.7%	-4.4
Women	50.5%	39.4%	+11.1
Bachelor's degree or higher			
Men	82.2%	83.8%	-1.6
Women	58.1%	44.4%	+13.7
Race and Hispanic Origin by Sex			
White			
Men	72.3%	76.7%	-4.4
Women	47.6%	34.8%	+12.8
Black			
Men	56.6%	62.1%	-5.5
Women	48.2%	39.9%	+8.3
Hispanic origin			
Men	60.3%	67.2%	-6.9
Women	36.6%	29.9%	+6.7

Note: Persons of Hispanic origin may be of any race.

school graduates and college graduates recorded a gain, the latter moving from 4 percent in 1979 to 10 percent in 1992.

- *Whites.* Sixteen percent of White men and four percent of White women were high earners in 1992, higher than the respective figures for Blacks and Hispanics. White women were the biggest gainers between 1979 and 1992.

Who are the year-round, full-time workers?

The graph at the top left and table at the bottom left give us the odds of being a member of the year-round, full-time workforce. As you can see, although women are still considerably less likely than men to be year-round, full-time workers, they have closed the gap in recent years. These changes are reflected within different educational and racial and ethnic groups.

More information:

Detailed tables on earnings and work experience showing yearly data from 1979 to 1992 by different demographic characteristics are available from our Housing and Household Economic Statistics Division. Call 301-763-8300 to order.

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